

Message Text

LIMITED OFFICIAL USE

PAGE 01 CANBER 02223 110142Z

21

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EA-06 EUR-12 NEA-09 IO-10 ISO-00

FEA-01 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06

PRS-01 SP-02 OMB-01 XMB-02 OES-03 /134 W

----- 084496

R 110048Z APR 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 5460

INFO AMEMBASSY ALGIERS

AMEMBASSY BRASILIA

AMCONSUL BRISBANE BY POUCH

AMEMBASSY CARACAS

USMISSION GENEVA

AMEMBASSY LIMA

AMEMBASSY LONDON

AMCONSUL MELBOURNE

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

USMISSION OECD PARIS

AMCONSUL PERTH BY POUCH

AMEMBASSY STOCKHOLM

AMCONSUL SYDNEY

AMEMBASSY TOKYO

LIMITED OFFICIAL USE CANBERRA 2223

E.O. 11652: NA

TAGS: EALR, EMIN, ETRD, AS

SUBJ: GOA AND PROPOSED ASSOCIATION OF IRON ORE EXPORTING
COUNTRIES (AIOEC)

REF: CANBERRA 1862 NOTAL

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CANBER 02223 110142Z

1. SUMMARY: GOA HAS ACCEPTED DRAFT AGREEMENT AS "SUITABLE BASIS" FOR PROPOSED AIOEC. CABINET APPROVAL STILL REQUIRED, BUT GOA EXPECTED TO RATIFY EVENTUALLY. AUSTRALIA STRESSES ITS MODERATING ROLE IN DRAFTING AGREEMENT, WHICH IT BELIEVES IS MORE CONCILIATORY TO CONSUMERS THAN IBA CHARTER. AIOEC AGREEMENT DOES NOT SET UP CARTEL OR ALLOW "COLLECTIVE ACTION" OR "IMPOSING DECISIONS" ON MEMBERS, GOA CONTENDS. GOA WILL NOT SHARE CONFIDENTIAL CONTRACT INFORMATION. WHITLAM AND CAIRNS ARE MAIN SUPPORTERS OF GOA MEMBERSHIP IN IBA AND AIOEC. EMBASSY COMMENTS THAT GOA UNDOUBTEDLY HAS BEEN MODERATING INFLUENCE, BUT FUTURE EXPORTER PRESSURES MAY FORCE GOA OFF FENCE. END SUMMARY.

2. EMBASSY OFFICER CALLED ON HUGHES, ECONOMIC POLICY BRANCH, DFA, APRIL 10, TO DISCUSS APRIL 2 MINISTERIAL MEETING OF IRON ORE EXPORTING COUNTRIES IN GENEVA. HUGHES, WHO ATTENDED MEETING ALONG WITH FOREIGN MINISTER WILLESEE, PROVIDED COPIES OF DRAFT AGREEMENT FOR ASSOCIATION OF IRON ORE EXPORTING COUNTRIES (AIOEC) AND WILLESEE STATEMENT ON MEETING. BOTH BEING POUCHED. SUMMARY OF HUGHES COMMENTS FOLLOWS:

3. WILLESEE INITIALED FINAL ACT, INDICATING CABINET HAS DECIDED THAT DRAFT AGREEMENT, WHICH GOA FEELS IT WAS INSTRUMENTAL IN MODIFYING AT NEW DELHI PREPCOM, IS "SUITABLE BASIS" FOR AIOEC. HOWEVER, CABINET MUST STILL APPROVED GOA RATIFICATION, WHICH MAY TAKE SOME TIME SINCE GOA FEELS "WE SHOULD NOT MOVE TOO FAST." NEVERTHELESS HUGHES CONFIDENT THAT CABINET WILL APPROVE. RATIFICATION BY SEVEN NATIONS REQUIRED FOR AGREEMENT TO ENTER INTO EFFECT, BUT GOA NOT EXPECTED TO BE AMONG FIRST SEVEN.

4. GOA PLEASED THAT, THANKS TO ITS OWN EFFORTS, AIOEC DRAFT IS MORE MODERATE THAN INTERNATIONAL BAUXITE ASSOCIATION (IBA) AGREEMENT, WHICH AUSTRALIANS ALSO BELIEVE THEY SUCCEEDED IN MODIFYING TO TAKE CONSUMER INTERESTS INTO ACCOUNT. AS WILLESEE STATEMENT CLEARLY INDICATES, GOA CONTENDS DRAFT AIOEC AGREEMENT "DOES NOT ENVISAGE THE ASSOCIATION TAKING COLLECTIVE ACTION OR IMPOSING DECISIONS ON ITS MEMBERS" AND REJECTS "CONCEPT OF A LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CANBER 02223 110142Z

CARTEL." GOA'S FIRST PREFERENCE WAS FOR AN ORGANIZATION OPEN TO BOTH EXPORTING AND IMPORTING COUNTRIES. CONSCIOUS THAT THIS VIEW NOT GENERALLY ACCEPTABLE, HOWEVER, GOA ACCEPTS AGREEMENT LIMITED TO EXPORTERS BUT WOULD WELCOME FUTURE PROVISION FOR IMPORTING COUNTRIES TO JOIN. GOA WILL BE UNABLE TO PROVIDE SOME INFORMATION (E.G. COMMERCIAL INFORMATION ON IRON ORE CONTRACTS GIVEN IT IN CONFIDENCE BY LOCAL COMPANIES) TO OTHER AIOEC MEMBERS. GOA REGRETS

TALK OF "PRICE FIXING" BY PERUVIANS AND INDIANS AFTER
APRIL 2 MEETING BUT MAINTAINS THAT SUCH WILL NOT BE AIOEC
PREROGATIVE.

5. GOA VERY PLEASED THAT SWEDEN AND, EVIDENTLY, BRAZIL
WILL JOIN AIOEC AND REGRETS THAT CANADA WILL NOT. ANOTHER
MINISTERIAL MEETING EXPECTED AROUND OCTOBER, 1975, AFTER
AGREEMENT ENTERS INTO FORCE AND ADMINISTRATIVE GROUP,
INCLUDING AUSTRALIA, MAKES RECOMMENDATION ON SETTING UP
ORGANIZATION.

6. IN RESPONSE TO SPECIFIC QUERIES, HUGHES SAID THAT
PRIMARY IMPETUS FOR GOA MEMBERSHIP IN IBA AND AIOEC COMES
FROM PRIME MINISTER WHITLAM AND DEPUTY PM CAIRNS FOR
"POLITICAL" REASONS (I.E. VISIBLE "SOLIDARITY" WITH LDC
MINERAL EXPORTERS). MINERALS AND ENERGY MINISTER CONNOR
IS A SOMEWHAT RELUCTANT ACCOMPLICE. FACT GOA WILLING TO
JOIN TWO PRODUCERS' GROUPS (IBA, AIOEC) WHILE DECLINING
TO JOIN CONSUMER GROUP (INTERNATIONAL ENERGY AGENCY)
DOES NOT INDICATE IMBALANCE SINCE GOA HAS NOT CRITICIZED
IEA NOR OPPOSED MEMBERSHIP IN IT BY OTHER OECD COUNTRIES.
ALSO, RECENT GOA DECISION TO PARTICIPATE IN OECD FINANCIAL
SUPPORT FUND IS "INTENDED TO BALANCE" AUSTRALIA'S
PARTICIPATION IN THE TWO PRODUCERS' GROUPS.

7. EMBASSY COMMENT: HUGHES TOOK GREAT PAINS TO STRESS
THAT, AS IBA AND AIOEC PARTICIPANT, GOA HAS EXERCISED
MODERATING INFLUENCE FAVORING CONSUMER INTERESTS AND
WILL CONTINUE TO DO SO. HE MENTIONED THAT HE HOPES WHITLAM
AGAIN MAKES THIS POINT DURING UP-COMING WASHINGTON VISIT,
REFLECTING DFA'S KEEN CONCERN THAT USG NOT MISCONSTRUE
GOA MOTIVES. HUGHES' POINT HAS MUCH VALIDITY, IN THAT
BOTH IBA AND AIOEC CHARTERS WOULD UNDOUBTEDLY HAVE BEEN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 CANBER 02223 110142Z

MORE CARTEL-ORIENTED WITHOUT AUSSIE INFLUENCE. WHETHER
LONGER-TERM CONSUMER INTERESTS ARE SERVED BY GOA
PARTICIPATION, WHICH IS ESSENTIAL TO BOTH GROUPS BECAUSE
OF AUSTRALIA'S FORMIDABLE BAUXITE AND IRON ORE RESERVES
AND TRADE, IS A MORE COMPLEX ISSUE. STILL TO BE SEEN
IS WHETHER GOA CAN CONTINUE TO BRIDGE GAP BETWEEN EXPORTERS
AND IMPORTERS, SINCE FORMER LIKELY TO INCREASE PRESURE FOR
INCREASED MILITANCY AND COULD FORCE GOA TO BUDGE FROM FENCE.
GREEN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IRON, EXPORTERS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CANBER02223
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750126-0401
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750459/aaaaccrz.tel
Line Count: 163
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 CANBERRA 1862
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 05 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 MAY 2003 by lzenbel0>; APPROVED <20 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOA AND PROPOSED ASSOCIATION OF IRON ORE EXPORTING COUNTRIES (AIOEC)
TAGS: EALR, EMIN, ETRD, AS, US, AIOEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006